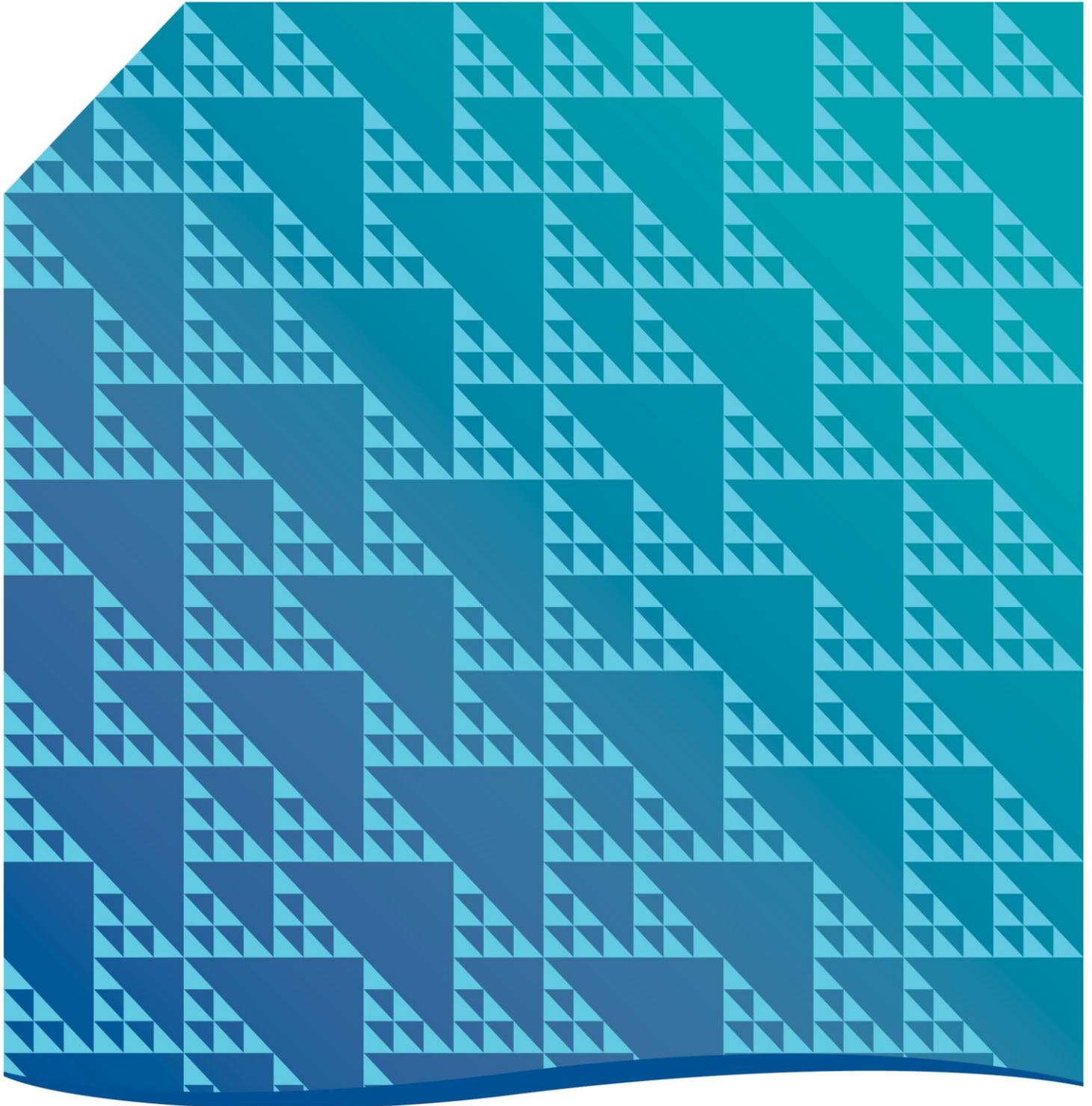


# Native Forest Harvest Contractor Assistance Program - Guidelines



# Introduction

A key element of the *Forest Management Act 2013* is the requirement on Forestry Tasmania to supply 137 000m<sup>3</sup> of high quality eucalypt sawlogs each year.

Due to the significant changes within the native forest sector over the last five years, many contractors have struggled to maintain their business. There is a risk that, in the short-term, contracting businesses could fail, before the Government's suite of actions to improve the long-term viability of the forest industry can be put into effect.

Any further reduction in current native forest harvest contracting capacity, including closure of any businesses operating in this sector, would exacerbate current challenges in supplying native forest timber to sawmillers and other timber processors.

## Key Outcome

The **Native Forest Harvest Contractor Assistance Program** ("the Program") aims to ensure that there is sufficient short-term capacity within the harvesting contracting sector of the Tasmanian native forest industry to enable the legislated minimum annual supply of 137 000 m<sup>3</sup> high quality eucalypt sawlog from Permanent Timber Production Zone Land to be met.

## Objectives

The objectives of the program are to:

1. Improve the short-term financial viability of Tasmanian native forest harvest contracting businesses; and
2. Maintain the productive capacity of the Tasmanian native forest harvest contracting sector.

# Eligibility Requirements

1. Contractors must have held an Eligible Contract on 30 June 2013, and must continue to hold an Eligible Contract as at the date of the Grant Deed.

Where a Contractor is operating on an extension to their Eligible Contract(s) with respect to term, the Contractor will be required to provide confirmation that they are in negotiations in good faith with Forestry Tasmania to enter a new Eligible Contract.

Where a Contractor has an Eligible Contract(s) that expires prior to 30 June 2017, then their Grant Deed will specify that the Crown may recover that proportion of the Grant Amount which relates to their Eligible Contract(s) that expire prior to 30 June 2017, should the Contractor not sign a new Eligible Contract(s) on or before the expiry of their current Eligible Contract(s) that expire prior to 30 June 2017.

2. A Contractor must have been directly engaged in Native Forest Harvesting Operations as at 30 September 2014.
3. A Contractor, or any director or shareholder of a Contractor as at 30 September 2014, must not have received funding under previous industry exit programs or must have complied with the conditions of those programs for re-entry to the industry.
4. A Contractor must not have sold, divested or transferred, or entered into any agreements to sell, divest or transfer, the business that the Eligible Contract(s) is/are related to.
5. A Contractor must not be subject to any legal disability, including bankruptcy or, liquidation.
6. A Contractor must provide evidence that their business complies with all the requirements of the Program, including the Evaluation Process requirements.
7. A Contractor must enter into a legally binding Grant Deed for the provision of funding under the Program.

## Program Offer

A Contractor who meets the Eligibility Requirements will be eligible for a total Grant of an amount of \$2.19 per tonne of Contracted Volume for conventional harvesting operations or \$4.38 per tonne of Contracted Volume for fully mechanised or cable harvesting operations, with a maximum value of \$350 000 per Contractor, regardless of the total Contracted Volume and the number of contracts that the Contractor holds with Forestry Tasmania.

A Contractor may apply for one Grant only, even though they may hold more than one Eligible Contract.

Grant funding is only payable for the retirement of Eligible Business Debts.

A maximum of \$4 million is available to be paid out as grant funding under this program

# Definitions

*'Contracted Volume'* means the total annual contracted volume of native high quality eucalypt sawlog and arisings, held by the Contractor under Eligible Contract(s) on 30 September 2014, for the conventional, mechanised and cable harvesting on Permanent Timber Production Zone Land.

*'Eligible Business Debts'* are debts due, as at 30 September 2014, to recognised Financial Institutions or Trade Creditors being non-equity funding of the working capital that is directly attributable to Native Forest Harvesting Operations conducted by the Contractor under an Eligible Contract with Forestry Tasmania. Equity funding (any funding sourced from the contractor's business) is not an eligible debt under this program.

An *'Eligible Contract'* is a contract with Forestry Tasmania, for the harvesting of native high quality eucalypt sawlog and arisings from Permanent Timber Production Zone Land.

*'Financial Institution'* includes banks, credit unions, building societies, trustee mortgage funds, finance companies or the like as approved by the Panel.

*'Native Forest Harvesting Operations'* are the harvesting activities on Permanent Timber Production Zone land undertaken to harvest the Contracted Volume defined within the Contractor's Eligible Contract(s).

*'Trade Creditors'* are creditors of the Contractor that have provided credit to the Contractor in the ordinary course of the business of undertaking Native Forest Harvesting Operations upon standard terms and conditions for the industry.

A *'Contractor'* is an entity with an Eligible Contract.

# Evaluation Process

All contractors will have their eligibility for the Program evaluated by an Evaluation Panel ("the Panel"). The Department of State Growth will establish a Panel of appropriately qualified individuals to manage the review of and to assess applications. The Panel may second specialist firms or individuals to assist them in the assessment of applications.

The Evaluation Process will have three stages:

**Stage 1** The Department of State Growth will write to Contractors, advising them of the Program and of the terms described in the Program Offer.

**Stage 2** Eligibility testing will have three phases, as outlined below:

- a. Contractors must provide sufficient evidence to confirm to the satisfaction of the Panel that they meet the Eligibility Requirements; and
- b. Contractors must provide evidence, to the satisfaction of the Panel, that they have Eligible Business Debts, related to their operations under their Eligible Contract. They must also provide evidence, to the

satisfaction of the Department, that they will use funding for the retirement of Eligible Business Debts, consistent with the Program Objectives.

**Stage 3** All eligible Contractors will be required to enter a Grant Deed prior to receiving any funds under the Program. The Grant Deed will require amongst other things grantees to provide evidence of Eligible Business Debt reduction using the Grant money.

**If a Contractor does not meet the Eligibility Testing set out in Stage 2, they will not be eligible for a Grant under this Program.**

The Panel will also evaluate, assess and determine whether a grant offer ought to be made and, if so, the quantum of the offer together with requirements under Stage 2(a) and 2(b) of the Evaluation Process that Contractors must meet.

The Panel will also review and evaluate the program compliance requirements under Stage 2(b) and Stage 3 of the Evaluation Process.

The Panel will be responsible for determining and assessing whether satisfactory evidence has been provided to meet the Eligibility Requirements, whether a Grant ought to be offered and any Grant terms and conditions.

The Panel may take all reasonable steps, including requests for further information and consultation with third parties, including Forestry Tasmania, in determining the eligibility of Contractors for this Program and developing a Grant Deed.

The payment of a Grant to a Contractor under this Program will be subject to the Contractor entering into a Grant Deed with the Crown in Right of Tasmania. Until a Grand Deed is signed, the Crown in Right of Tasmania will not be bound to provide any assistance to a successful applicant under the Program, and then only subject to the terms of the Grant Deed. Nothing in this document obliges the Crown in Right of Tasmania to enter into any Grant Deed.

## Reporting

Details on the reporting and other evaluation requirements will be specified to grant recipients in the Grant Deed.

All Grant Deeds will include requirements for grant recipients to provide relevant evidence that they conform with the Program's requirements.

# Administration

The Program will be administered by the Department of State Growth for and on behalf of the Crown in Right of Tasmania.

Any person requiring any further advice or seeking further information on the Program is asked to direct those enquiries:

Contact Officer – Native Forest Contractor Assistance Program  
Forest Policy Branch  
Department of State Growth  
10 Murray Street  
Hobart TAS 7000

Ph: (03) 6166 3418

Email: [forests@stategrowth.tas.gov.au](mailto:forests@stategrowth.tas.gov.au)

# Timeframes

Closing date for confirmation by  
Contractors of participation in Program: 16 January 2015

Contractors that receive an offer under the Program must comply with the timeframes for the provision of information required under the Program as determined by the Panel. Information not provided within the timeframes provided may not be accepted or considered by the Panel.

# Submissions for funding under the Program

All potential eligible Contractors must read the Guidelines carefully to determine their eligibility for funding under this Program.

Applications, with supporting information, are to be mailed to:

Native Forest Harvest Contractor Assistance Program  
'Private and confidential'  
Department of State Growth,  
GPO Box 536  
Hobart TAS 7001

# Disclaimer

Although care has been taken in the preparation of this document, no warranty, express or implied, is given by the Crown in Right of Tasmania, as to the accuracy or completeness of the information it contains.

The Crown in Right of Tasmania accepts no responsibility for any loss or damage that may arise from anything contained in or omitted from or that may arise from the use of this document, and any person relying on this document and the information it contains does so at their own risk absolutely.

The Crown in Right of Tasmania does not accept liability or responsibility for any costs incurred by any Contractor that are in any way related to the Native Forest Harvest Contractor Assistance Program.

# Right to Information

Information provided to the Department of State Growth may be subject to disclosure in accordance with the *Right to Information Act 2009*.

# Personal Information Protection

Personal information will be managed in accordance with the *Personal Information Protection Act 2004*. This information may be accessed by the individual to whom it related, on request to the Department of State Growth. A fee for this service may be charged.

# Taxation and financial implications of Grant funding

It is recommended that potential funding applicants consider seeking guidance about the implications for receiving Grant funding under the Native Forest Harvest Contractor Assistance Program from a tax advisor, financial advisor or the Australian Taxation Office, prior to submitting an application to the Department of State Growth.



Department of State Growth

GPO Box 536

Hobart TAS 7001 Australia

Phone: 03 6166 3418

Email: [forests@stategrowth.tas.gov.au](mailto:forests@stategrowth.tas.gov.au)

Web: [www.stategrowth.tas.gov.au](http://www.stategrowth.tas.gov.au)